



**Cross Marketing Group Inc.**

**Supplementary Explanatory  
Materials for Financial  
Results for 2Q of the Fiscal  
Year Ending June 30, 2024**

---

## CONTENTS

---

- 1** FY6/2024 H1 Financial Results Outline
- 2** Topics
- 3** Forecast & Shareholder Returns
- 4** Appendix

Summary

1

- Revenue totaled 12.5 billion yen (down 4% YoY) and operating profit totaled 0.9 million yen(down 30% YoY).
- 2Q (Oct-Dec) performance rebounds, with operating profit up 16%.

Summary

2

- Digital Marketing: Sales up 11% as unit prices for media/promotions recover.
- Research (Data Marketing/Insight): Revenue was solid in Japan but fell mainly because overseas demand ran its course.

Summary

3

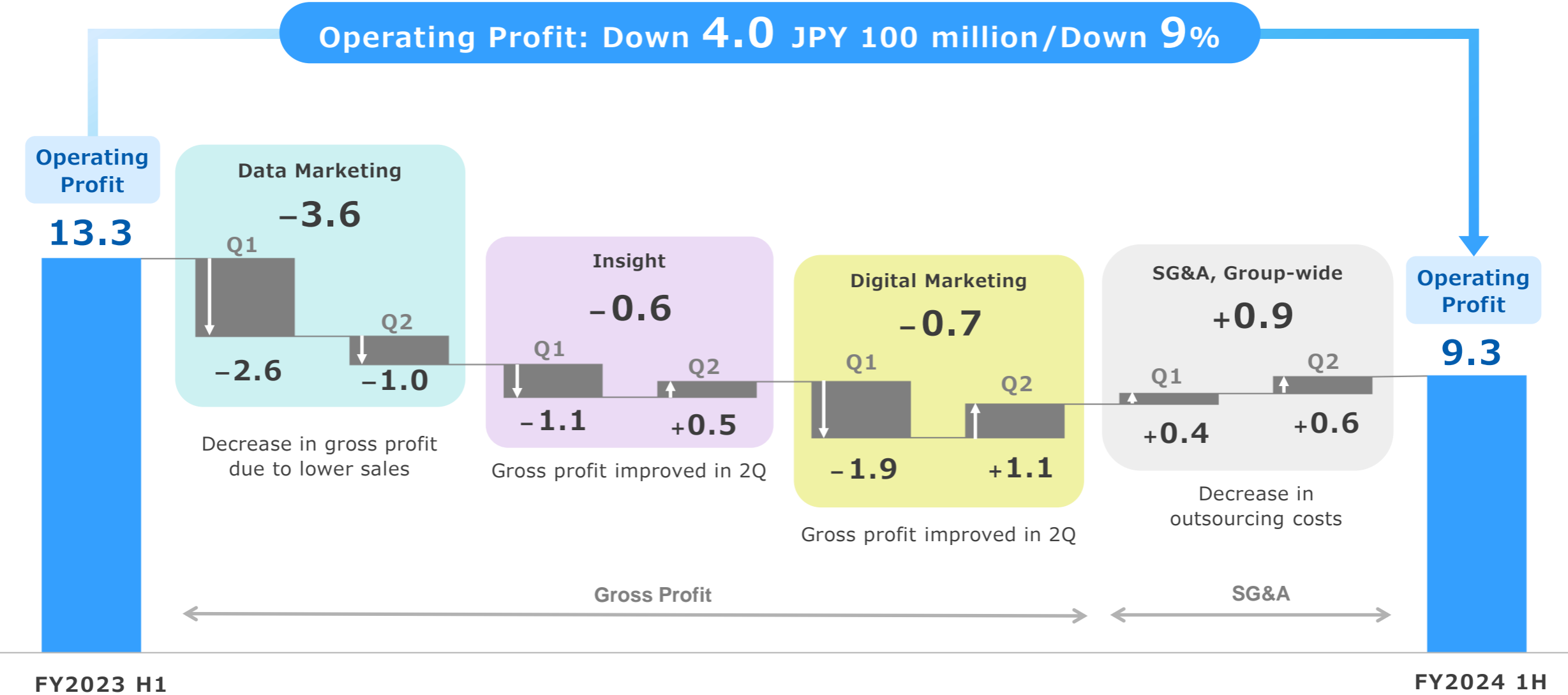
- Revisions to full-year forecasts for fiscal year ending in June 2024
- No change in dividend forecast
- Medium-term management plan extended by one year  
FY2025/6 : Net Sales 30 billion yen, Operating Income 3 billion yen

# **1** FY6/2024 H1 Financial Results Outline

**H1: Decline in Revenue and profit** due to lower revenue in Data Marketing Business  
**Q2(Oct.-Dec.): growth in Digital Marketing Business and improved GPM/OPM led Operating Profit growth (up 16% YoY)**

	FY24/6					
	Q1 (Jul.-Sep.)	YoY Growth rate	Q2 (Oct.-Dec.)	YoY Growth rate	H1 (Jul.-Dec.)	YoY Growth rate
(JPY 100 Million)						
<b>Revenue</b>	<b>56.3</b>	<b>-8%</b>	<b>68.9</b>	<b><u>-0.2%</u></b>	<b>125.1</b>	<b>-4%</b>
Digital Marketing Business	22.0	-2%	29.1	+23%	51.1	+11%
Data Marketing Business	19.6	-15%	20.7	-25%	40.3	<b><u>-20%</u></b>
Insight Business	14.7	-6%	19.1	+7%	33.8	+1%
<b>Gross Profit (Gross Profit Margin)</b>	<b>20.2 (35.9%)</b>	<b>-22% (-6.5pt)</b>	<b>29.2 (42.4%)</b>	<b><u>+3% (+1.1pt)</u></b>	<b>49.4 (39.5%)</b>	<b>-9% (-2.3pt)</b>
<b>SG&amp;A</b>	<b>20.4</b>	<b>-2%</b>	<b>19.7</b>	<b>-3%</b>	<b>40.1</b>	<b>-2%</b>
<b>Operating Profit (Operating Profit Margin)</b>	<b>-0.2 (-)</b>	<b>- (-)</b>	<b>9.5 (13.8%)</b>	<b><u>+16% (+1.9pt)</u></b>	<b>9.3 (7.4%)</b>	<b>-30% (-2.8pt)</b>

Data Marketing Business : Decrease in gross profit due to lower revenue  
 Insight Business & Digital Marketing Business : Gross profit improved in Q2(Oct.-Dec.)



**1H: Revenue increased 11% and segment profit increased 2%**  
**Record sales in 1H** due to a full-fledged recovery in media and promotions.

## Highlights

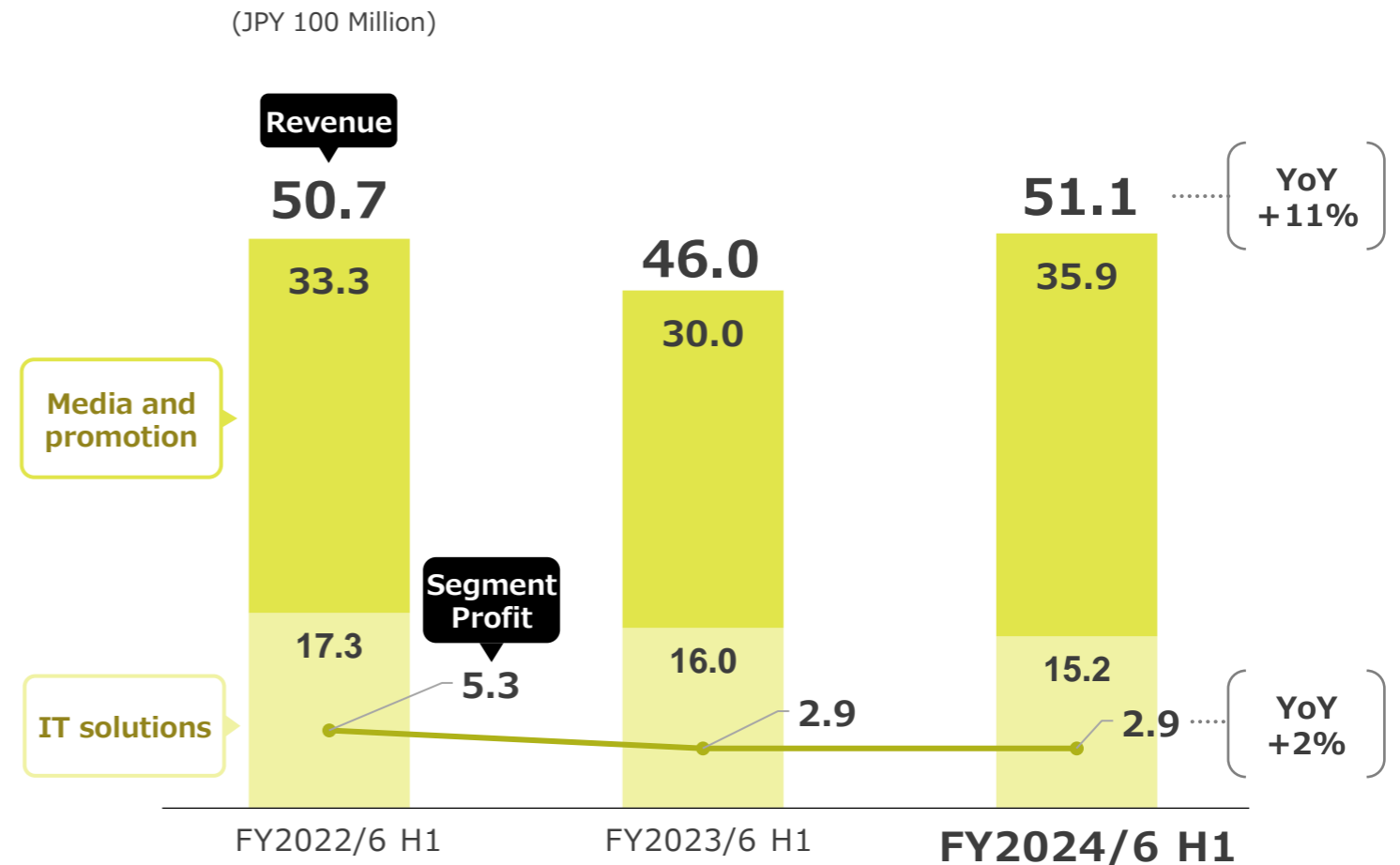
- Media and promotion revenue increased 20% in 1H. Unit price recovery and newly consolidated subsidiary Tokyo Gets contributed.

YoY change in media/promotion unit prices  
 FY6/2023 Q1 -9% Q2 -24% Q3 -25% Q4 -2%  
 FY6/2024 Q1 +7% Q2 +53%

- Segment profit increased by 2% in 1H. Profit margin recovered to 10%, especially in 2Q (Oct-Dec).

## Lowlights

- Revenue fell 5% for IT solutions. Growth was sluggish in personnel related area.



## Revenue fell 20% and segment profit declined 28%

Revenue was solid in Japan, but overseas demand ran its course

### Highlights

- In Japan, revenue increased 4%. The research market remains firm.

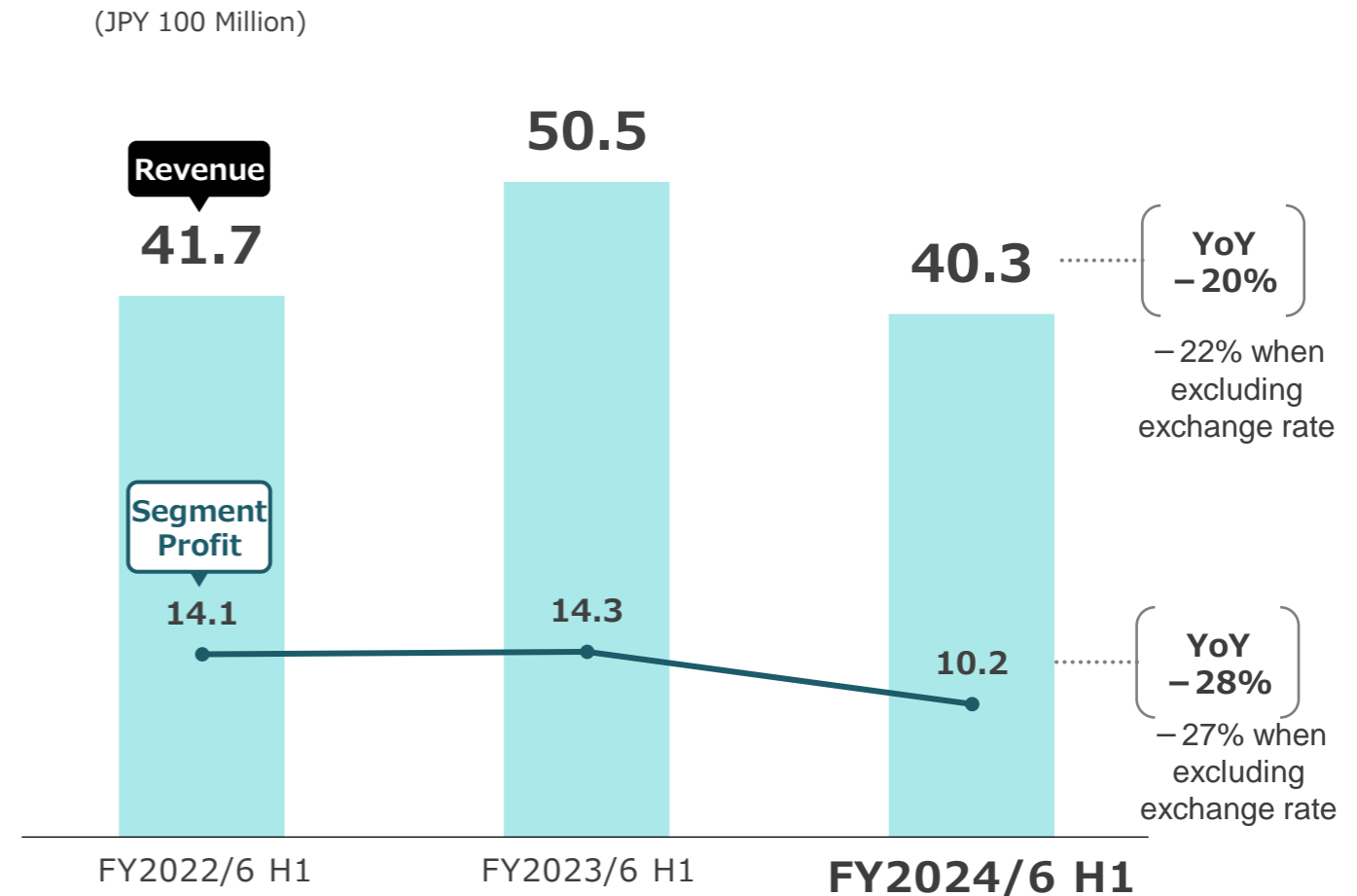
### Lowlights

- Overseas, revenue fell 51%. In the mainstay North American market, demand ran its course backed by the rapid recovery from the COVID-19 pandemic.

### Impact of exchange rate

- The effect of the weak yen\*1 boosted revenue by 80 million yen but had minimal impact on operating profit.

\*1 Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2023





Revenue was up 0.8% and segment profit down 22%
Revenue was solid in Japan, while overseas remained severe.

Highlights

- In Japan, revenue increased 4%. Revenue from offline surveys, such as CLT\*1, increased.

Lowlights

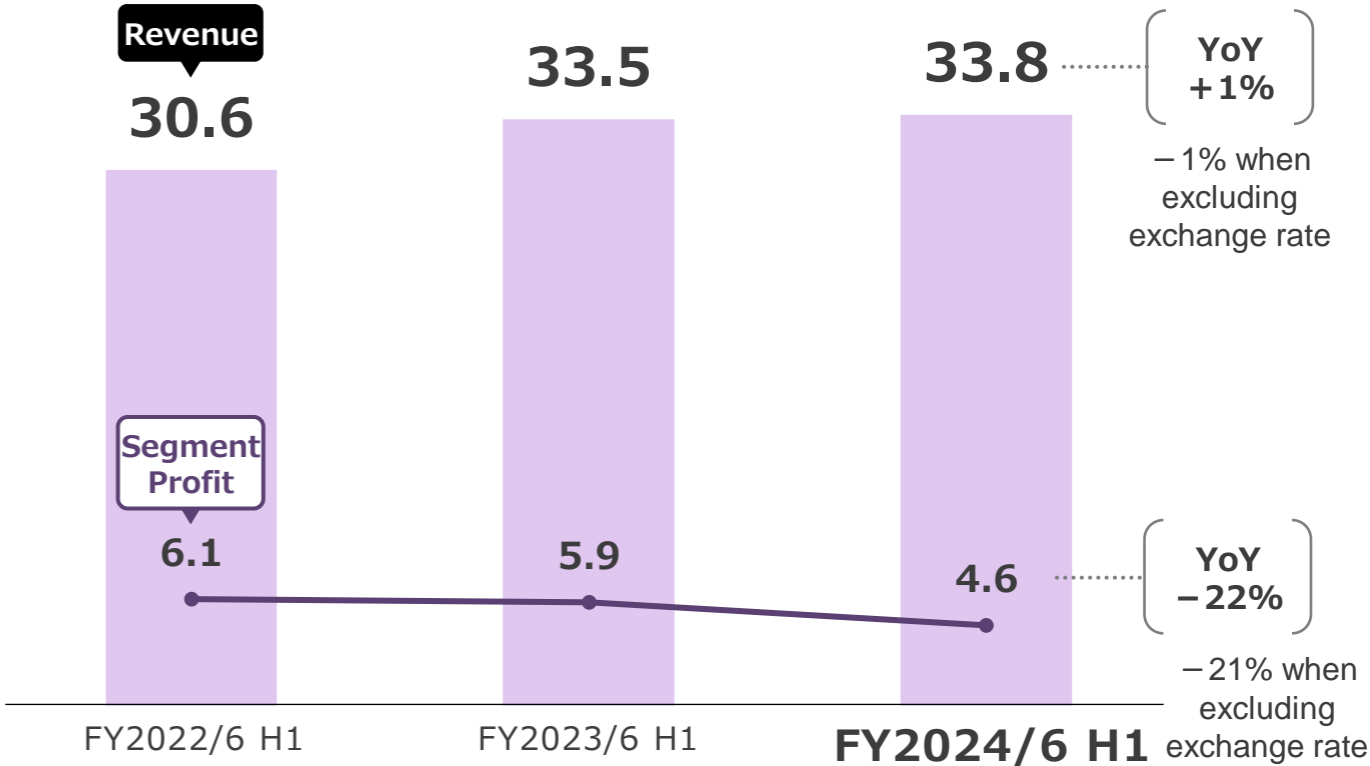
- Overseas, revenue was down 8%. Revenue struggled mainly in the U.K. Gross profit margin declined in Japan.

Impact of exchange rate

- The effect of the weak yen\*2 boosted revenue by 60 million yen but had minimal impact on operating profit.

\*1 Abbreviation for central location test, a survey method in which the target audience is gathered at a venue and asked to fill out a questionnaire.
\*2 Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2023

(JPY 100 Million)



Total revenue fell 39% mainly because demand ran its course.  
Emerging market continued to glow.

## Highlights

- In India, we absorbed robust demand for surveys from consulting and research firms and remained solid.
- Indonesia saw a good balance of orders from multiple industries including government affiliated energy, automotive and FMCG.

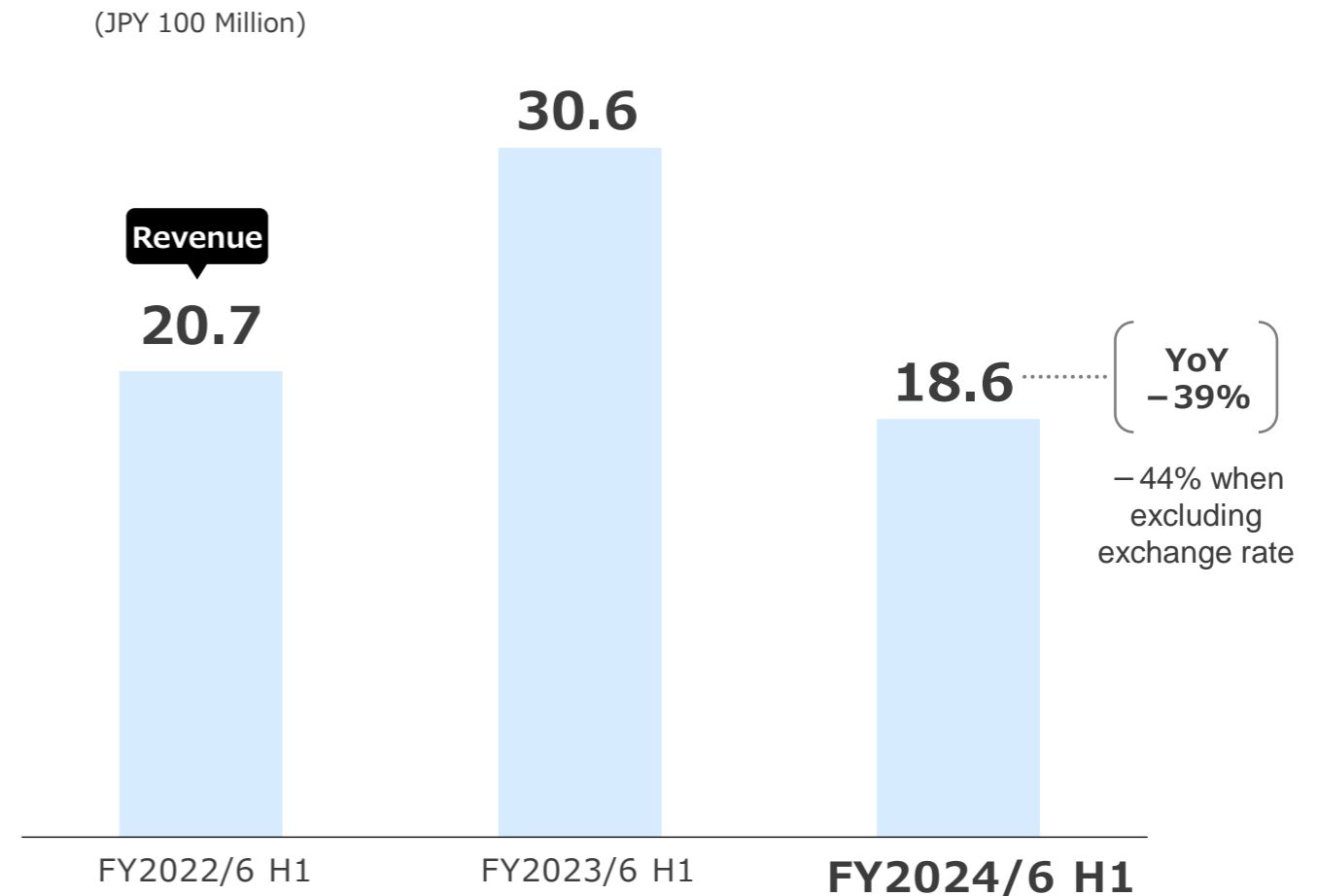
## Lowlights

- Demand concentration in North America ran its course, and the U.K. remained severe.

## Impact of exchange rate

- The effect of the weak yen\*1 boosted revenue by 140 million yen (overseas total).

\*1 Compared to the actual exchange rate in Q2 of the fiscal year ended in June 2023



## **2** Topics

**excrie Inc.** established by integrating major companies in the media and promotion area  
Former Fittio, a HR company, **expands its business domain** and changes its name to **AlternaEx.**



2024.1.1

Former DO HOUSE and Former D&M are merged

an extensive range of services

Research

Marketing Strategy  
Planning

SNS Marketing

Advertisement

Utilization of  
entertainment  
content

content  
creation

Sales promotion

**Solving marketing issues for customers'  
products and services  
Contribution to customers' business growth**



2024.1.1

Former Fittio changed its name

Creating the way we work in the near future



Support for diverse  
working styles

Full-time employees  
Temporary employees  
+  
freelancers

Candidate

Supporting the  
creation of future  
businesses

Engineer  
Creator  
+  
Marketer

Customer

**Expansion into a company that supports the  
creation of businesses "in the near future".**

## excrie & REECH

The acquisition of promotional projects from local governments has increased

Full support from planning and operation to promotion.



Research × Promotion  
Providing marketing  
services

×



Offering influencer  
marketing-related  
services

Contribute to solving various issues  
faced by local governments

### Example projects

#### 1 Sanjo City, Niigata Prefecture

Promotion of a  
communication plan for  
immigration support

#### 2 Miyazaki Prefecture Tourism Association

Influencer PR business  
on SNS

**Cross Propworks**, a BPO company in IT Solution established **a new branch in Nagaoka** with the aim of expanding its business and creating employment opportunities.

## Nagaoka City

- the economic hub of the Chubu region
- an ideal location for recruiting operators to support BPO operations, with a multitude of universities and vocational schools.

## Cross Propworks

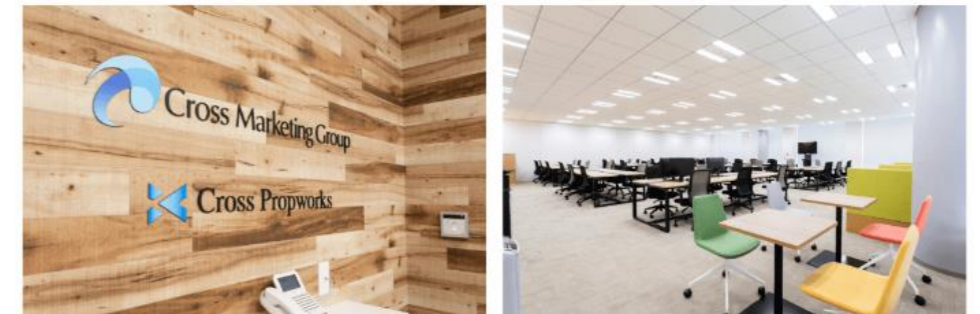
- Since our establishment in 2015, we have been steadily expanding.
- Establishing new locations is essential for our continued growth in the future.

**Expanding its business domain**  
**to enhance service value**

**Creating employment opportunities in Nagaoka City**

**Business growth across the CMG group**

## Cross Propworks



### Business Overview

Conducting various BPO (Business Process Outsourcing) operations, including research business support, quality verification and testing services, website operations services, and support for internal information system operations

## **3** Forecast & Shareholder Returns

**Revisions to full-year earnings forecasts: Revenue up 4%, operating profit down 3**  
**Mainly adjusted for Data Marketing business earnings. Dividend forecast unchanged.**

(JPY 100 Million)	FY2023/6 Actual	FY2024/6 Initial forecast	Current forecast	Compared to initial forecast	YoY
<b>Revenue</b>	<b>250.9</b>	<b>300.0</b>	<b>260.0</b>	<b>- 13%</b>	<b>+ 4%</b>
Digital Marketing	90.4	120.0	110.0	- 8%	+ 22%
Data Marketing	97.5	110.0	85.0	- 23%	- 13%
Insight	63.0	70.0	65.0	- 7%	+ 3%
<b>Operating Profit</b>	<b>19.5</b>	<b>30.0</b>	<b>19.0</b>	<b>- 37%</b>	<b>- 3%</b>
<b>Ordinary Profit</b>	<b>18.8</b>	<b>29.0</b>	<b>18.0</b>	<b>- 38%</b>	<b>- 4%</b>
<b>Net Income</b>	<b>10.0</b>	<b>18.0</b>	<b>10.0</b>	<b>- 44%</b>	<b>- 1%</b>
<b>EPS (yen)</b>	<b>51.0</b>	<b>90.1</b>	<b>52.0</b>	<b>- 42%</b>	<b>+ 2%</b>
<b>Dividends per share (yen)</b>	<b>12.0</b>	<b>13.0</b>	<b>13.0</b>	<b>-</b>	<b>+ 1.0</b>



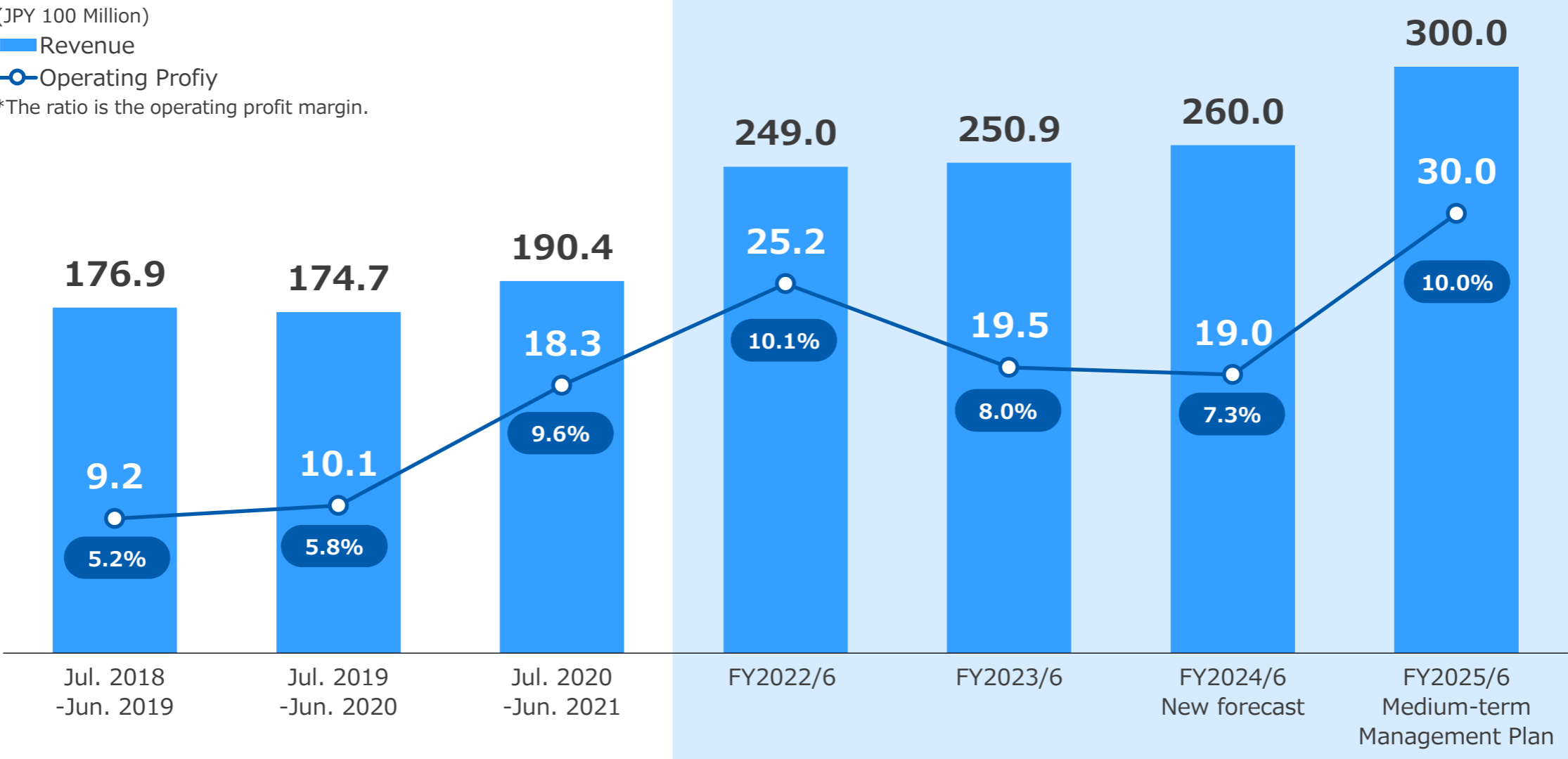
## Medium-term management plan period extended by one year.

Final year target : revenue of 30 billion yen and operating profit of 3 billion yen.

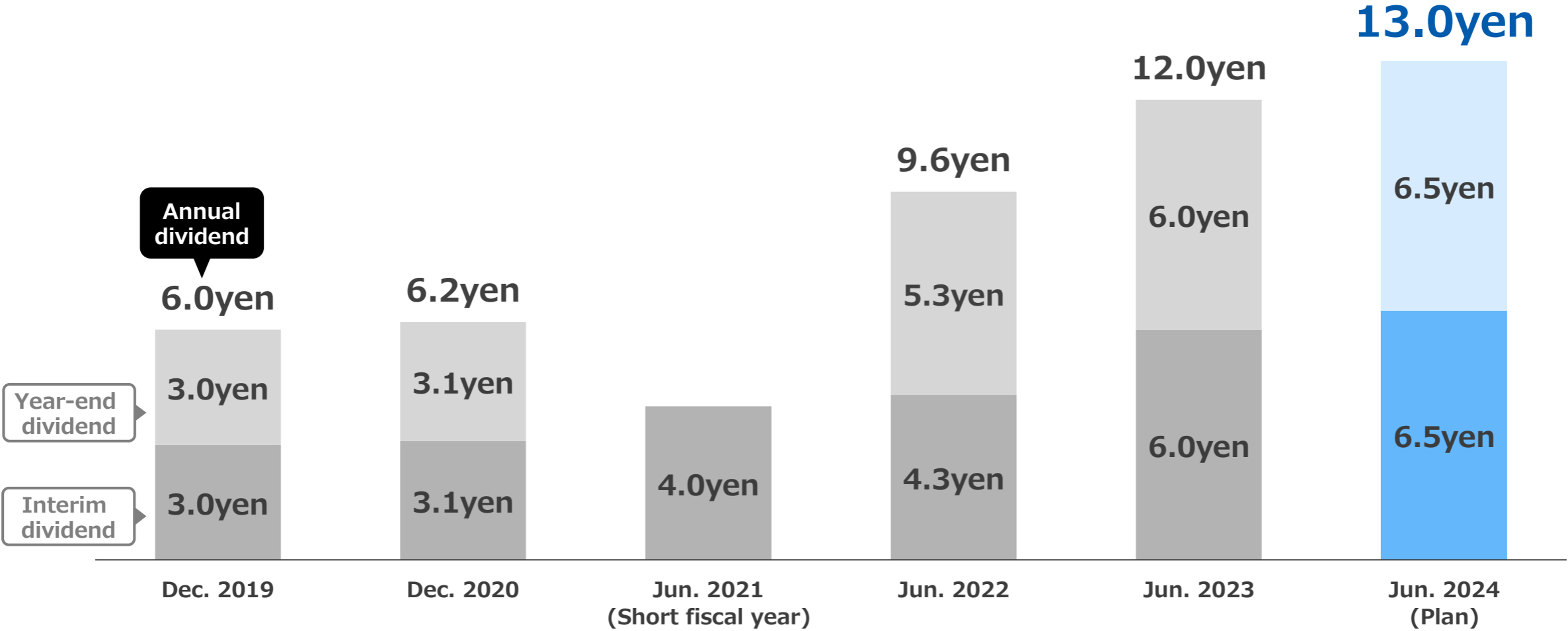
(JPY 100 Million)

■ Revenue  
○ Operating Profit

\*The ratio is the operating profit margin.



**Dividend policy:**  
Continue to increase dividends with a target dividend payout ratio of approximately 15%  
**We expect to pay 13.0 yen in the fiscal year ending in June 2024**  
**(6.5 yen in H1 and 6.5 yen in H2).**



## 4 Appendix

Fact Sheet( [www.cm-group.co.jp/ir](http://www.cm-group.co.jp/ir) )

Units: JPY 100 Million

	FY2023/6 H1	FY2024/6 H1	YoY Growth Rate
<b>Revenue</b>	<b>130.0</b>	<b>125.1</b>	<b>- 4%</b> ①
<b>Gross Profit</b>	<b>54.3</b>	<b>49.4</b>	<b>- 9%</b>
(Gross Profit Margin)	(41.8%)	(39.5%)	(- 2.3pt) ②
<b>SG&amp;A</b>	<b>41.0</b>	<b>40.1</b>	<b>- 2%</b> ③
(SG&A Ratio)	(31.5%)	(32.0%)	(+ 0.5pt)
<b>Operating Profit</b>	<b>13.3</b>	<b>9.3</b>	<b>- 30%</b>
(Operating Profit Margin)	(10.2%)	(7.4%)	(- 2.8pt)
<b>Ordinary Profit</b>	<b>12.7</b>	<b>8.8</b>	<b>- 31%</b>
<b>Extraordinary Gains</b>	<b>- 0.1</b>	<b>0.0</b>	<b>-</b>
<b>Income Taxes</b>	<b>4.8</b>	<b>3.0</b>	<b>- 37%</b>
<b>Net Income</b>	<b>7.6</b>	<b>5.8</b>	<b>- 25%</b>

**Revenue decreased**

Growth was sluggish mainly in the Data Marketing Business.

**Gross profit margin declined**

**SG&A controlled to the previous year's level**

Units: JPY 100 Million	End of Jun. 2023	End of Dec. 2023	Changes
<b>Current Assets</b>	<b>112.9</b>	<b>114.7</b>	<b>+ 1.8</b>
Cash & Deposit	64.8	53.2	- 11.6
Notes & Accounts Receivable	31.4	45.8	+ 14.4
Other	16.8	15.7	- 1.1
<b>Non-current Assets</b>	<b>30.2</b>	<b>30.9</b>	<b>+ 0.8</b>
Goodwill	6.2	5.3	- 0.9
Other	23.9	25.6	+ 1.7
<b>Total Assets</b>	<b>143.1</b>	<b>145.6</b>	<b>+ 2.5</b>
<b>Current Liabilities</b>	<b>51.5</b>	<b>54.4</b>	<b>+ 2.9</b>
Accounts Payable	9.8	16.1	+ 6.2
Short-term Debt*	13.4	12.9	- 0.5
Other	28.2	25.4	- 2.8
<b>Non-current Liabilities</b>	<b>30.7</b>	<b>26.3</b>	<b>- 4.5</b>
Long-term Debt	27.6	22.9	- 4.7
Other	3.1	3.4	+ 0.3
<b>Net Assets</b>	<b>60.9</b>	<b>65.0</b>	<b>+ 4.1</b>
<b>Equity Ratio</b>	<b>42.0%</b>	<b>44.6%</b>	<b>+ 2.6pt</b>

**Cash and deposit totaled slightly more than 5 billion yen**

Decreased from the end of the previous fiscal year but continued to be sufficient for investment in business growth and repayment of debts

**Increase in accounts receivable and accounts payable**

In addition to the increase due to the end of the commercial season, the number of large long-term projects has increased.

**The equity ratio is 44.6%**

Slightly increased from the end of the previous fiscal year, and secured healthy levels

\*Short-term Debt including Long-term Debt, returned within a year

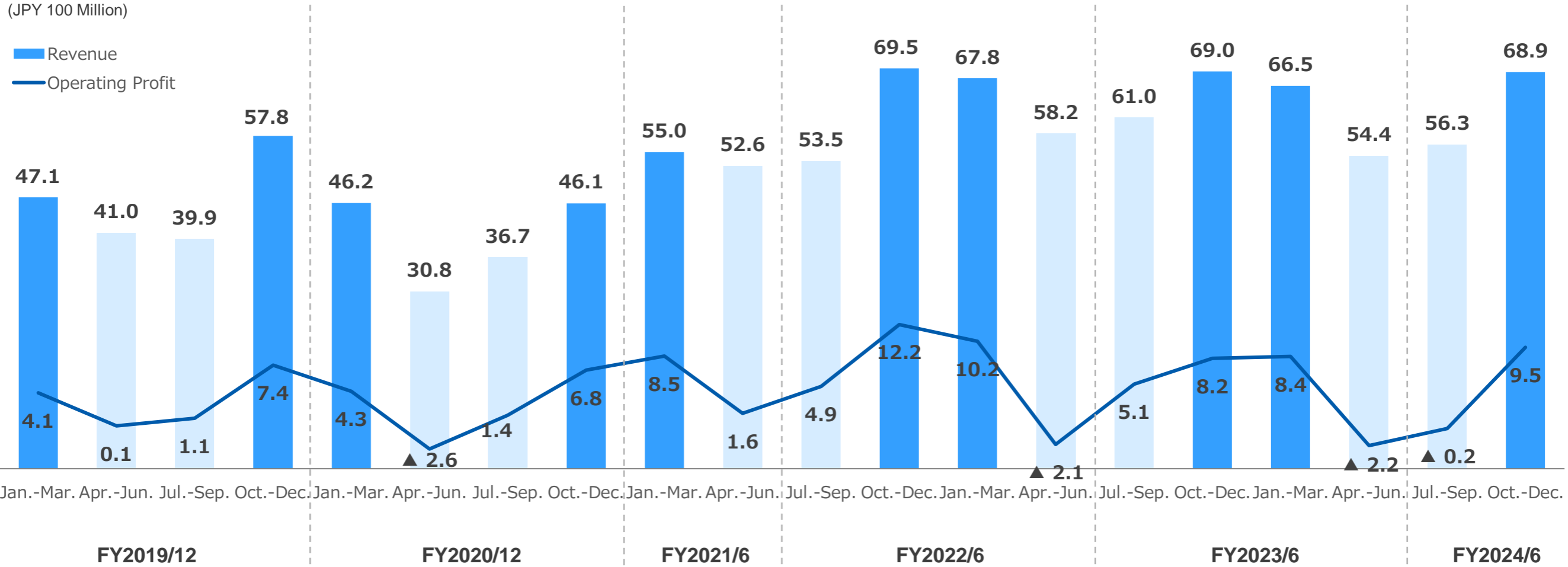
Units: JPY 100 Million	FY2023/6 H1	FY2024/6 H1	Changes
<b>Operating Cash Flow</b>	<b>3.7</b>	<b>-2.8</b>	<b>-6.5</b>
Income Before Tax	12.6	8.8	-3.8
D&A	1.9	2.6	+0.7
Decrease (increase) in Trade Receivables	-6.9	-15.2	-8.4
Income Taxes Paid	-5.3	-5.9	-0.6
Other	1.4	7.0	+5.6
<b>Investment Cash Flow</b>	<b>-3.6</b>	<b>-2.1</b>	<b>+1.5</b>
<b>Financial Cash Flow</b>	<b>0.3</b>	<b>-6.5</b>	<b>-6.8</b>
Net Proceeds and payments of Short-term Debt	0.3	0.2	-0.1
Proceeds from issuance of Long-term Debt	6.0	-5.0	-11.0
Other	-6.0	-1.7	+4.3
<b>Cash and Cash Equivalents at the End of Period</b>	<b>55.3</b>	<b>53.2</b>	<b>-2.0</b>










**1** ..... Income before tax decreased

**2** ..... Maintaining level of cash and deposit

Continued to be sufficient for investment in business growth and repayment of debts

**Quarterly revenue follows seasonal patterns.**  
**Oct.-Dec. and Jan.-Mar. are marked by strong sales,**  
**and Apr.-Jun. and Jul.-Sep. are quiet periods.**



Category	Materiality	Specific initiatives ※All figures are for FY2023.
<p><b>Environment</b></p>  	<p>Broader protection of the global environment, including addressing climate change</p>	<ul style="list-style-type: none"> <li>•Express support for TCFD and join the TCFD consortium.</li> <li>•CO2 emissions (t-Co2)               <ul style="list-style-type: none"> <li>Scope1 0</li> <li>Scope2 305 (Emissions associated with office electricity consumption)</li> <li>Scope3 47 (Emissions from the use of cloud services)</li> </ul> </li> </ul>
<p><b>Social</b></p>   	<p>Enhancing human capital</p> <p>Increasing diversity, equity and inclusion (DE&amp;I)</p> <p>Advancing joint social contribution activities in collaboration with a wide range of partners in industry, academia and government</p>	<ul style="list-style-type: none"> <li>•Renewal of the personnel evaluation system</li> <li>•A total of 20 training courses for managers have been organised.</li> <li>•Percentage of female new employees: 54.7</li> <li>•Percentage of male employees taking maternity leave 61.5</li> <li>•Support organizations that help achieve the SDGs through the Moratame SDGs Project.</li> </ul>
<p><b>Governance</b></p> 	<p>Enhancing corporate governance functions and internal management systems</p> <p>Further strengthening risk management, information security and privacy protection</p> <p>Motivating appropriate information disclosure to and dialogue with stakeholders</p>	<ul style="list-style-type: none"> <li>•Ratio of outside directors: 60%</li> <li>•Internal reporting system</li> <li>•Compliance training</li> <li>•Number of investor briefings held: 8</li> </ul>
<p><b>Business</b></p>   	<p>Balancing economic growth and sustainability activities</p>	<ul style="list-style-type: none"> <li>•Sustainability-related research sales               <ul style="list-style-type: none"> <li>-Domestic: 69.79 million yen</li> <li>-Overseas: 66.45million yen</li> </ul> </li> <li>•Do-House and REECH commissioned for community revitalization event</li> </ul>



## Cautionary Statement regarding the Material

The Purpose of this document is to provide information on business performance and not to solicit investment in securities issued by the company. The opinions and forecasts contained in this document are based on the judgment of the Company at the time this document was prepared, and it is subject to change in the future.

For inquiries regarding this document, please contact  
Investor Relations Office, Cross Marketing Group Inc.  
Mail : [ir@cm-group.co.jp](mailto:ir@cm-group.co.jp)

Cross Marketing Group Inc.  
<https://www.cm-group.co.jp>